FOREIGN AGRICULTURE

November 25, 1974

Nitric acid factory, the Netherlands.

World Milk Output Up

EC Textile Industry

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

Vol. XII • No. 47 • Nov. 25, 1974

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The Secretary of Agriculture has determined that publication of this periodical is necessary in transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Office of Management and Budget (May 14, 1974). Yearly subscription rate: $20.00 domestic, $25.00 foreign; single copies 45 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

World Milk Output Up in 1974—Dairy Surpluses Again in View

By Foreign Commodity Analysis
Dairy and Poultry
Foreign Agricultural Service

WORLD SUPPLIES of cow's milk—recovering after a growth pause in 1973—are rising to more-than-adequate levels in 1974, signaling an oversupply of dairy products in some areas and increasing pressures to export.

Global milk output is slated to rise about 2 percent this year to total some 772 billion pounds, owing largely to two key situations: A recovery of New Zealand's production and exports, and a continuing expansion of milk output in the European Community. At the same time, a turnaround in the U.S. dairy situation from deficit to surplus has limited U.S. imports of dairy products this year.

In New Zealand, which accounts for about a third of total world dairy exports, milk production could rise by as much as 10 percent this year to 1.3 billion pounds. Australia, however, is still suffering the aftereffects of flood and drought that shortened Oceania's supplies last season, so that milk outturn could dip by 3 percent. Further, a rationalization scheme eliminating Government subsidies to dairy producers is restricting output.

The larger supplies in Oceania—world's most consistent exporter of manufactured dairy products—will increase pressures on importing countries, including the United States, to accept more dairy products.

The European Community—historically surplus in dairy products—continued to increase milk output during 1974, possibly to a total of 218 billion pounds, compared with 212 billion in 1973. Although dry weather reduced output in both the United Kingdom and Ireland, a rise of 4 percent is likely in Belgium and France, 2 percent in West Germany, and 7 percent in the Netherlands. (See *Foreign Agriculture*, Nov. 11, 1974.)

Milk cow numbers are also building in the EC, except in the United Kingdom, as farmers delay culling herds in hopes that prices for slaughter cattle will strengthen. A 5 percent increase in the average EC milk support price was agreed upon in October, increasing returns from dairy farming.

The new price supports range from $9.50 per hundred pounds of milk delivered to plants in West Germany to $7.22 in the United Kingdom and Ireland, averaging $8.10 throughout the EC. At the start of the 1974-75 marketing year last April, EC milk support prices averaged $7.34 per hundred pounds, up from a previous $6.74.

As a result, EC intervention stocks of manufactured dairy products are accumulating, although EC officials report they have not yet reached unwieldy levels. As of September 1974, EC dairy product stocks were (in 1,000 metric tons, previous year in parentheses): Butter 341 (421), cheese 237 (232), and nonfat dry milk 250 (168).

In the United States, the tight supply situation for dairy products—which resulted in sharply higher imports in 1973 and early 1974—has reversed itself. In recent months, the Commodity Credit Corporation has again been buying domestically produced dairy products under the price support program. Storage stocks increased sharply last spring and summer and are well above year-earlier levels.

This situation is a result of the combined effects of a gain in milk yields and a falloff in consumption. U.S. milk production during July, August, and September 1974 moved ahead of the same months a year earlier for the first time since September 1972. Increased yields per cow more than offset the 2 percent decline in U.S. cow numbers. Despite an expected yearend downturn in milk output triggered by rocketing feed prices, U.S. milk production is likely to be only 1 percent below 1973's 115.6 billion pounds.

U.S. consumption of fluid milk products in January-July 1974, however, skidded almost 5 percent below last year's, primarily due to higher prices and falling real incomes of consumers.

The continuing growth of world milk

Milk is collected from a dairy farm in West Germany, left, the EC's second largest milk producer, trailing only France. Above, Jersey calves are fed in special stalls on one of Australia's largest dairy farms, located near Bega, New South Wales. In New Zealand, dairy cattle feed on hay near Okato in the shadow of Mt. Egmont, below left. Truck collects milk from French dairy, below.

supplies in 1975 will depend heavily on the effect of weather conditions on pastures and feed crops, as well as prevailing meat and cattle prices. Since prices of milk and other dairy products are artificially maintained in most countries to protect farmer incomes, market conditions are secondary to government policy in their effect on milk prices.

With inflation expected to continue in 1975, further prices rises are likely, so that the historical upward trend in world milk production of between 1-2 percent annually is likely to continue, provided that weather is generally good.

Last year, the growth trend in world milk output was temporarily interrupted, as unfavorable weather reduced pasture and feed crop outturns in many developed countries. As a result, milk yields per cow declined for the first time in many years. Herd buildups continued, however, with dairy cow numbers in reporting countries increasing by about 1.5 percent over the previous year's level. The result of these opposing forces was a gain in milk production of nearly 1.5 percent, compared with nearly 2.5 percent in 1972.

The rise in dairy cow numbers that occurred last year promises to continue, keeping milk supplies at a high level. In the Soviet Union and Europe, dairy cow numbers at the beginning of 1974 were over 2 percent higher than those of the previous year. The growth in cow numbers was particularly rapid in Poland and the European Community —notably Ireland, the Netherlands, and France.

The depressing effect of higher feedgrain prices on milk production has principally affected producers in the United States, Canada, and, to some extent, the United Kingdom. In most other countries, including most of Europe, the amounts of grain concentrates fed are small, while virtually none are fed in New Zealand and Australia. These countries depend more on roughage, such as pasture (mostly grass), hay, and silage, for dairy cattle feeding.

The recent falloff in cattle prices is stimulating milk production, in the short term at least, since profits are down from marketing culled cows. In the longer run, lower beef prices, combined with high prices of feed and fertilizer, may encourage calf slaughter—bolstering output of veal, but reducing the numbers of mature dual-purpose cows for meat and milk.

Seasonal increases in the world prices of most dairy products were beginning to be felt in late 1974. This reflected normal production declines on Northern Hemisphere farms and sales of manufactured dairy products from

ample stocks. On an annual basis, cheese consumption is continuing to grow, following trends of the past several years. Also, butter consumption, which has been on the downtrend, may recover temporarily as higher prices of vegetable oils make butter more competitive with margarine.

Support prices for milk and products climbed in most countries during 1974 and are likely to rise even further next year, reflecting the desire to maintain farm incomes and production in the face of continuing inflation.

IN THE United States, price support for manufacturing grade milk is $6.57 per hundred pounds for the marketing year that began on April 1, 1974, up from $5.61. On August 1, the Canadian support price for manufacturing grade, plus earned subsidies was boosted to C$9.41 from C$8.50.

Canada estimates that milk production this year will edge up by almost 1 percent from the 16.9 billion pounds of 1973. This level of output assures plentiful supplies of nonfat dry milk for export and for contribution to the World Food Program.

Mexico—North America's third largest milk producer—expects to boost production by about 1 percent in 1974 to 12.5 billion pounds.

In South America, most reporting countries show little change in milk output from last year, with the exception of Argentina, where milk production could climb 9 percent from almost 6 billion pounds last year.

In West European countries outside of the Community, few changes in output are reported, with a decline in milk production in Sweden about offset by an increase in Greece.

AS A GROUP, the East European countries and the Soviet Union are expected to produce about 285 billion pounds of milk in 1974—almost 3 percent more than last year, when output advanced 4 percent over 1972's. In the Soviet Union, milk production is slated to rise 4 percent over last year's to 200 billion pounds, following a 5 percent increase the preceding year. Soviet milk output is now approaching the EC level, and considerably exceeds U.S. milk output.

In Japan, a previous uptrend in milk production leveled off in 1973, and output is expected to decline in 1974. Falling cow numbers and the rise in feed prices make a recovery unlikely.

COW'S MILK: PRODUCTION IN MAJOR DAIRYING COUNTRIES
[In million pounds]

Country	Average 1961-65	1971	1972	1973 [1]	1974 [2]
North America:					
Canada	18,504	17,775	17,676	16,886	16,975
Mexico	7,798	11,872	12,242	12,387	12,535
United States	125,660	118,532	119,904	115,620 [3]	114,500
South America:					
Argentina	10,300	10,646	11,952	13,148	14,295
Brazil	12,661	16,344	16,571	16,117	16,100
Colombia	4,062	5,159	5,423	5,732	6,075
Peru	[4] 1,574	1,296	1,358	1,296	1,365
Uruguay	1,646	1,556	1,554	1,543	1,550
Venezuela	1,222	2,202	2,383	2,315	2,410
Western Europe:					
Belgium	8,792	8,449	8,847	8,885	9,215
Denmark	11,713	10,044	10,551	10,787	11,000
France	55,206	60,932	63,598	65,170	67,775
West Germany	45,368	46,660	47,377	46,883	47,725
Ireland	6,465	8,255	8,676	9,092	9,480
Italy	20,508	20,613	21,307	19,841	19,810
Luxembourg	413	482	512	522	535
Netherlands	15,578	18,501	19,733	20,569	21,925
United Kingdom [5]	24,791	28,019	29,985	30,519	30,435
EC-9	188,834	201,955	210,596	212,368	217,900
Austria	6,750	7,236	7,244	7,231	7,240
Finland	8,208	7,158	7,236	6,834	6,825
Greece	1,050	1,250	1,268	1,448	1,595
Norway	3,638	3,836	3,988	3,979	3,970
Spain	5,123	7,879	8,357	8,873	8,885
Sweden	8,437	6,347	6,552	6,592	6,395
Switzerland	6,782	6,964	7,130	7,252	7,275
Eastern Europe:					
Bulgaria	1,882	2,846	2,884	2,850	2,705
Czechoslovakia	8,304	10,855	11,294	11,971	12,105
East Germany	12,574	15,763	16,568	17,163	17,205
Hungary	4,024	3,975	3,990	4,299	4,435
Poland	28,373	33,153	34,969	35,651	32,900
Romania	5,075	7,921	8,569	8,783	9,660
Yugoslavia	4,945	5,688	6,202	6,016	6,615
USSR	126,347	183,385	183,482	192,241	200,180
Oceania and Japan:					
Australia [6]	16,308	16,201	16,125	[7] 15,899	15,435
Japan	5,976	10,626	10,884	10,829	10,585
New Zealand [6]	13,544	13,794	13,561	[7] 12,669	13,936
Total	639,601	732,214	749,952	757,892	771,649

[1] Preliminary. [2] Forecast. [3] ERS estimate. [4] 1965 only. New series of Peruvian statistics initiated in 1965. [5] Total sales off farm. [6] Marketing year (Australia: July-June, New Zealand: June-May). [7] Revised.

Expanding Surpluses, Rising Costs Squeeze Australian Fruit Growers

AUSTRALIA'S production of apples and pears—its leading deciduous fruit crops—is poised to recoup some in 1975 from the low level of 1974, but this is hardly good news to industries already bemoaning diminished export demand. In fact, if 1974 results are any indication, the Australian fruit trade may again find it difficult to break even in the foreign market next year.

The foreign market—which takes over a third of Australia's apple harvest and about one-fifth of the fresh pear output—is already awash in surpluses as a result of rising world production and sluggish demand. And as these conditions have depressed returns in foreign markets, Australian profits have been trimmed at the other end by mounting costs—particularly for transportation.

The country is responding to these difficulties with an ambitious program to reduce plantings, while laying increased stress on market promotion both domestically and abroad. These efforts are seen gaining momentum in 1975, but not enough to spark a turnaround in the marketing situation.

If current conditions continue, Australia will enter the 1975 export season (on a calendar year basis, although most shipments are made in the first half) with prospects for larger apple and pear sales to the Arabian Gulf and Southeast Asia. It also will have a somewhat improved position as a result of the 12-percent devaluation of its dollar on September 25, partly compensating for previous revaluations. However, even this improvement will not be realized unless the Government can renegotiate freight rates, which are quoted in U.S. dollars and pounds sterling and thus automatically went up when Australia devalued.

On the other hand, the country will almost assuredly have more fruit to sell in 1975, since current forecasts see apple output rising above the reduced level of 1974 and pear output either holding steady or rising slightly. And once again exports will face an unreceptive world market beset by fierce competition and low prices. At the same time, soaring costs of production and freight may further squeeze Australian profits.

In short, the situation could end up pretty much a repetition of developments in 1974.

The 1974 export season began with seemingly manageable crops. Australia's 1973-74 apple harvest had fallen by nearly a quarter to 18.6 million bushels as a result of an "off year" in the biennial production cycle and the growing impact of a tree removal program. In fact, some of the producing States had their smallest crops in years—Tasmania's dropped 18 percent to 5.7 million; Victoria's 44 percent to 2.6 million; and South Australia's 41 percent to 850,000.

"And once again exports will face an unreceptive world market beset by fierce competition and low prices. At the same time, soaring costs of production and freight may further squeeze Australian profits."

And the pear crop had held stable at around 8.0 million bushels, surviving an unusually wet season that devastated the country's peach and apricot crops. (See *Foreign Agriculture*, Sept. 9, 1974.)

However, even these modest outturns were too large in view of developing export problems. Successive revaluations —in all amounting to over 30 percent since December 1972—had weakened Australia's competitive position in the world market just as export prospects began to deteriorate in the United Kingdom and other outlets of Western Europe. These markets were already burdened with large carryovers from 1973 Northern Hemisphere fruits, while anticipating heavy apple shipments from Argentina—which had recovered from its 1973 crop failure—and from South Africa and New Zealand.

And Western Europe's dependence on Southern Hemisphere countries for "off-season" fruit had begun to lessen as a result of expanding use of controlled atmosphere storage.

In light of such problems, Australia began the 1974 export season for apples by lowering its sales target 1.6 million bushels from the 1973 level to 5.6 million. However, even this was too much, and actual shipments slumped to an estimated 3.15 million, as Australian growers realized early on that they would probably be shipping at a loss.

Also, the European Community approached Australia and other Southern Hemisphere suppliers for a voluntary reduction in their shipments. The EC move resulted in an agreement by the suppliers to cut 1974 exports to the EC by 15 percent, based on averages for the previous 3 years. This, plus smaller than expected shipments from New Zealand, resulted in some strengthening of prices later in the season and prevented realization of the trade's worst fears.

Nonetheless, few apple varieties yielded a net f.o.b. return sufficient even to cover growers' costs, let alone provide a profit—a problem aggravated by soaring freight costs in 1974. For instance, as prices in London fell from A$6.60 per carton in 1973 to A$4.80 in 1974, freight rates rose by A$1 per carton. The freight cost alone thus represented about 60 percent of the gross export return.

Among the individual markets, very few gains in shipments—and numerous large declines—were the rule.

In the U.K. market—Australia's largest—the revaluations of the Australian dollar and British industrial problems caused apple sales to slump to 1.79 million bushels, from 2.61 million in 1973.

Apple exports to West Germany plummeted to 492,226 bushels from 1.36 million in 1973 as a result of the large EC carryover, the return of Argentine supplies, and consequent unstable prices.

Sales in Scandinavia were better maintained, with Sweden taking 428,046 bushels, compared with 677,358 in 1973, and Denmark actually increasing purchases to 230,826 from 171,159 in 1973. Norway—a market for 86,950 bushels in 1973—took none in 1974.

Exports of apples to most other markets also were down, including those in the Far East, which heretofore have been viewed as important growth markets. Sales to Singapore and Hong Kong —the top markets here—were limited by reduced availability of types desired, as well as by continuing repercussions

from the poor arrival condition of Tasmanian Delicious apples last year.

Some headway was made in further opening the Indonesian market, which is taking over 100,000 bushels this year compared with 85,000 in 1973, but there was little progress toward meeting the stringent quarantine requirements preventing entry into Japan. These involve incidences of codling moth and fruit fly in parts of Australia. However, Western Australia, continued to negotiate for entry on the basis that it is free of codling moth, and can kill eggs and larvae of the Mediterranean fruit fly with a low-temperature treatment.

For pears, total shipments in 1974 are estimated at 1.9 million bushels, or about 400,000 less than in 1973 and below targets set for 1974 by the Apple and Pear Board.

The target for exports to the United Kingdom and Europe, for instance, was 1.1 million bushels, but actual shipments there slipped to 948,797. In fact, exports of 336,407 bushels to the United Kingdom—onetime top outlet—were surpassed for the second straight year by those to the United States.

But even U.S. takings of 417,050 bushels were 160,000 under those of 1973. This decline reflected reduced availability of Victorian pears meeting the fairly high U.S. specifications.

Among Continental European markets, only Belgium's purchases of 180,424 bushels were above those of 1973. However, much of the fruit shipped to Belgium was actually destined for France, whose direct purchase of 59,677 bushels was the smallest in years. Better container shipping service to the Belgian port of Zeebrugge than to some French ports apparently accounts for the transshipments.

Other major European markets in 1974 have been Sweden, West Germany, and the Netherlands. Australia also has shipped about 500,000 bushels this year to the Mideast and Southeast Asia, where exports have been well maintained. As with apples, Singapore and Hong Kong are the largest Asian markets.

Although the pear trade has not experienced the extensive losses that marked that of apples, 1974 has been a less than satisfactory season. Prices in the United Kingdom deteriorated toward the end of the export season there (June). And some losses occurred in sales to the United States following delay of some shipments due to industrial disputes in Australia and New Zealand.

A large part of the domestic pear crop also goes into production of canned pears, of which about two-thirds finds its way into export. Here again, the foreign market has been depressed by large supplies and reduced demand—a sharp contrast to the strong foreign demand for canned apricots and peaches.

Australian exports of canned pears during January-June 1974 totaled 955,000 standard cartons, or about 450,000 less than in the 1973 period. Sales to the United Kingdom—the major outlet—were particularly slow, as were those to Canada. And the United States took no Australian canned pears in January-June following imposition of anti-dumping measures against them.

"Consequently, it has become clear to most growers in areas dependent on exports—such as Tasmania—that there is little future in the industry for them."

As a result of the poor returns this year, the Australian Government once again faces fairly heavy subsidy payments under its Apple and Pear Stabilization Scheme and its special additional subsidy arrangement made in conjunction with State Governments for 1974.

The Stabilization Scheme—in effect since 1971—provides for minimum support prices and a stabilization fund to help even out producer returns from year to year. The intent is for growers to pay into the Scheme when prices exceed a fixed level and draw out up to 80 Australian cents when they fall below the level. In actual practice, however, the latter has predominated for apples, with the Government itself having to compensate growers. This Government subsidy amounted to A$2.8 million in 1973.

The Australian Apple and Pear Corporation recently calculated that the main apple variety, Granny Smith, would require an export market price equivalent to A$8.50 per bushel to produce a return equal to the Stabilization guarantee and about A$7.70 if allowing for the maximum payout of 80 Australian cents from the Fund. Even in the best season, prices have never approached these levels, and they currently total less than A$5.00.

Consequently, it has become clear to most growers in areas dependent on exports—such as Tasmania—that there is little future in the industry for them.

They are being aided in adjusting to this reality by the Fruit Industry Reconstruction Scheme, set up July 1972, to encourage growers to remove trees past their prime. Subsidies available from this scheme, together with the recent poor returns, have begun to encourage the needed tree removal. In Tasmania alone, about 4,000 acres of trees have been pulled up so far, reducing export availabilities by around a million bushels. And the program probably accounted for 1.5 million of the 5.5-million-bushel cut in 1974 apple output.

At the same time, the apple industry is continuing efforts to develop new export markets and diversify away from the U.K.-Europe area.

With this in mind, Tasmania negotiated better shipping services to Southeast Asia this season with a Singapore company covering the entire Tasmanian space requirements for Singapore, Hong Kong, Penang, Indonesia, and the Philippines. Vessels are special fruit carriers and will provide a regular service geared to market requirements.

Freight rates for the service have been fixed for 3 years of the contract, providing for small increases in 1975 and 1976. However, congestion at major Australian ports will probably remain a problem for these shipments in the 1975 season as they were in 1974.

There are also great hopes for expanding apple shipments to the Mideast —a trend that has already begun to develop now that oil revenues are ballooning this region's purchasing power.

Efforts to expand markets have included replacement of the Australian Apple and Pear Board with a new body known as the Australian Apple and Pear Corporation. The Corporation, activated in July, assumed existing functions of the Apple and Pear Board along with the additional responsibilities of domestic market promotion, domestic and export promotion of new apple and pear products, and market and product development research.

The Corporation has also been given expanded powers, particularly regarding amounts of apples and pears that may be exported. —*Based on dispatch from*

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Thriving Dutch Fertilizer Industry Plans To Expand Exports in 1975

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THE WORLD FERTILIZER crunch, which built to epidemic proportions during 1973, has focused high interest on supplies available from top fertilizer-exporting countries such as the Netherlands—world's third largest exporter of nitrogen fertilizer and also a big net exporter of phosphate fertilizers.

Drawing on its reserve production capacity, the Netherlands plans to increase its exports of nitrogen fertilizer —the principal fertilizer produced—to about 1.19 million tons in 1974-75, compared with the 1.15 million tons exported in 1973-74. Phosphate exports could also rise to 340,000 tons from the previous year's 330,000.

A large part of Dutch nitrogen exports will go to other West European countries, where fertilizer use per hectare is among the highest in the world. Sizable quantities are also exported to the United States, which took some 125,000 tons in 1973-74. Other important purchasers last season were the People's Republic of China, India, Indonesia, Brazil, and Egypt.

The thriving Dutch fertilizer industry, developed largely in the past 10-15 years, exports about 75 percent of its total output. Some 1.87 million tons of all types of fertilizers were produced for agricultural use in 1973-74, compared with 1.81 million in 1972-73. Fertilizer imports, totaling some 350,000 tons annually, are mainly of potassium fertilizers, which are produced domestically in very small quantities.

As the 1974-75 season began, the only Dutch fertilizer exports already under contract were those to surrounding West European countries and to North America. By contrast, exports to many Asian, African, and Latin American destinations are usually on a spot-purchase, first-come-first-served basis.

Before calendar 1972, Dutch fertilizer factories were estimated to be operating at only 60-65 percent of capacity. This was the result of a large expansion of fertilizer production facilities 4 or 5 years ago, at the last upturn of the fertilizer demand cycle. When a global oversupply developed in 1972 and world prices tumbled, Dutch producers agreed to reduce output.

With the onset of energy shortages, exploding demand, and higher profits, producers were able to expand their output without adding new facilities. At present, industry sources report that Dutch fertilizer factories are working at levels of between 85-90 percent of full capacity.

Operating at 100 percent of capacity, Dutch fertilizer plants could produce a potential 2.25 million tons annually. Consequently, no new construction and reportedly no enlargement of present facilities are planned for the next few years. Since 3 or 4 years are required to bring a new plant to full production, capacity is unlikely to enlarge much before the end of the decade.

Since production facilities are more than adequate, the only possible constraints on Dutch production of certain fertilizers would be a lack of raw materials, especially of phosphate rock.

More than 80 percent of total Dutch fertilizer production is made up of nitrogen fertilizer. The Dutch produce all their nitrogen fertilizer from domestic supplies of natural gas, in contrast to other West European producers—West Germany and France—which must import raw materials. Natural gas supplies are well above industry needs, as are other forms of energy. Although the Arab oil embargo was officially in effect for the Netherlands until July 11, Dutch petroleum imports and stocks remain at year-ago levels.

Urea manufacturing plant in the Netherlands, top, world's third largest exporter of nitrogen fertilizer. Above, sampling of most important Dutch nitrogen fertilizer—ammonium nitrate limestone.

For nitrogen fertilizer production, imported feedstocks include anhydrous ammonia from Belgium and from an affiliated factory of a Dutch company.

Raw material shortages could affect Dutch phosphate fertilizer production, however, which accounts for about 20 percent of total fertilizer output and is very largely dependent on imports of ground phosphate rock. Thirty-three percent of rock imports are from the United States, 25 percent from Togo, 24 percent from Morocco, and 3 percent from the Soviet Union. Basic slag for phosphate fertilizers is largely imported from West Germany.

Supplies of phosphate rock have so far been adequate, although prices of these materials have soared. Prices for ground phosphate rock from Morocco have almost tripled in recent months

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EC's Modernized Textile Industry: Larger Market for U.S. Cotton?

By HORACE G. PORTER
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COTTON mills in the European Community (EC) consume several million bales of cotton annually—almost all of it imported—and there are now reasons to believe that U.S. cotton could find a larger market in the Community than has been the case in recent years.

For centuries, some of the countries comprising the Community have been important producers of cotton textiles as well as key markets for U.S. cotton. Although these countries are now taking a smaller volume of raw cotton than they once did, they still must be regarded as one of the world's leading markets for any fiber.

Of all the U.S. farm products exported to the Community, cotton is in a most favorable market position in that it can be imported by EC countries without any duty or other import restraint, while most other farm products are subject to numerous tariff and nontariff barriers stemming from the Community's highly restrictive Common Agricultural Policy.

The textile industry, long one of the largest industries in the nine-member Community (Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom), has had its share of economic problems over the years.

Plant capacity, for example, was found to be excessive when countries that once imported their textiles from Europe shifted their sources of supply, became self-sufficient through expansion of their own textile industries, and in certain instances also became exporters to industrialized nations.

Although the textile producing countries of the Community have some characteristics in common, it would be a mistake to assume that complete homogeneity exists throughout the Western European textile industry.

There are pronounced differences, not only between countries but also between areas and zones of the same country. For example, significant differences exist among size of textile firms, degree of modernization of plant and equipment, relative dependence on domestic markets for plant output, dependence on female workers, and vulnerability to imported textiles.

The rapid growth of Western Europe's economies has expanded job opportunities to the extent that tight employment situations have developed in many areas. This situation led to the attraction of foreign workers from labor-surplus and lower wage areas. As a result, foreign workers today comprise a larger part of the textile industry's labor force than of the total EC labor force.

The European textile industry has found it necessary to shrink its total size and at the same time to modernize its plant and equipment. Today, there are far fewer firms and many fewer spindles and looms than was the case 20 years ago, but for the most part the remaining companies and plants are more efficient, and production of textiles has held up better than might have been expected only a few years ago.

The Community has had both a gradual increase in population and a rising per capita availability of textiles, with consequent significant increases in total textile usage. However, the EC textile industry has not shared fully in this expanded textile demand because of the growing importance of textiles imported from nonmember countries.

Spinning and weaving trends in the period 1960-1972 reflect the magnitude of the adjustments that have been made in all EC countries in that period. Spindle numbers have dropped from 28.2 million to 14.7 million—a decline of 48 percent—and spindle hours decreased from 97 billion to 65 billion—down by 33 percent.

As a result of faster operating speeds and more hours of operation per active spindle, the amount of fiber processed on the working spindles declined only 20 percent between 1960 and 1972.

But behind this figure, there are other major shifts: Total quantity of cotton spun fell 31 percent, quantity of other fibers (mostly manmade) increased 23 percent, and cotton's share of the total dropped from 80 percent in 1960 to 69 percent in 1972.

Meanwhile, the nine EC countries experienced a decline of 56 percent in the total number of active looms, and a decrease of 49 percent in loom hours operated between 1960 and 1972. Total yarn used in the weaving industry de-

EC: TOTAL AND PER CAPITA QUANTITIES OF COTTON FIBERS, MANMADE FIBERS, AND ALL FIBERS AVAILABLE FOR DOMESTIC USE BY CONSUMERS, 1960-1972

	Fiber Available for Domestic Use					
	Total (In 1,000 metric tons)			Per Capita (In kg)		
Year	Cotton	Manmade Fibers	All Fibers[1]	Cotton	Manmade Fibers	All Fibers[1]
1960	1252.4	803.2	2472.4	5.42	3.48	10.71
1961	1221.8	795.0	2428.1	5.24	3.41	10.41
1962	1158.0	906.3	2486.3	4.90	3.83	10.52
1963	1211.9	1012.1	2649.2	5.07	4.23	11.08
1964	1346.6	1144.5	3029.1	5.58	4.74	12.55
1965	1219.3	1177.0	2939.7	5.00	4.83	12.06
1966	1280.5	1258.1	3138.6	5.21	5.12	12.97
1967	1175.0	1207.7	2887.1	4.74	4.87	11.65
1968	1187.2	1475.6	3212.9	4.77	5.93	12.91
1969	1238.7	1691.7	3496.6	4.94	6.74	13.94
1970	1244.0	1682.6	3469.3	4.9	6.7	13.7
1971	1179.5	1827.1	3534.8	4.7	7.2	13.9
1972	1275.6	1958.3	3808.2	5.0	7.7	14.9

[1] Includes wool for all years and flax from 1964 as well as cotton and manmade fibers.

clined 12 percent—the net position resulting from a drop of 31 percent in cotton yarn and a gain of 37 percent in other yarn (mostly manmade fiber). Cotton's share of the total shrank from 72 percent in 1960 to 56 percent in 1972.

Trends in EC trade in cotton textiles are compiled by the Cotton Textiles Committee of the General Agreement on Tariffs and Trade (GATT), the international body concerned with reducing both tariff and nontariff barriers in world trade. These data summarize trade in cotton textiles in all EC member countries except Ireland, and are complete except for cotton clothing trade of the United Kingdom. GATT data presently available cover the period 1964-72.

TOTAL IMPORTS of cotton textiles into EC countries increased from 418,000 metric tons to 674,000 tons over the 8-year period, a gain of 61 percent or an average annual increase of 7.6 percent. This total includes imports from EC member countries. Imports from nonmember countries increased from 242,000 tons in 1964 to 417,000 tons, a gain of 72 percent by 1972 or an average of 9 percent per year.

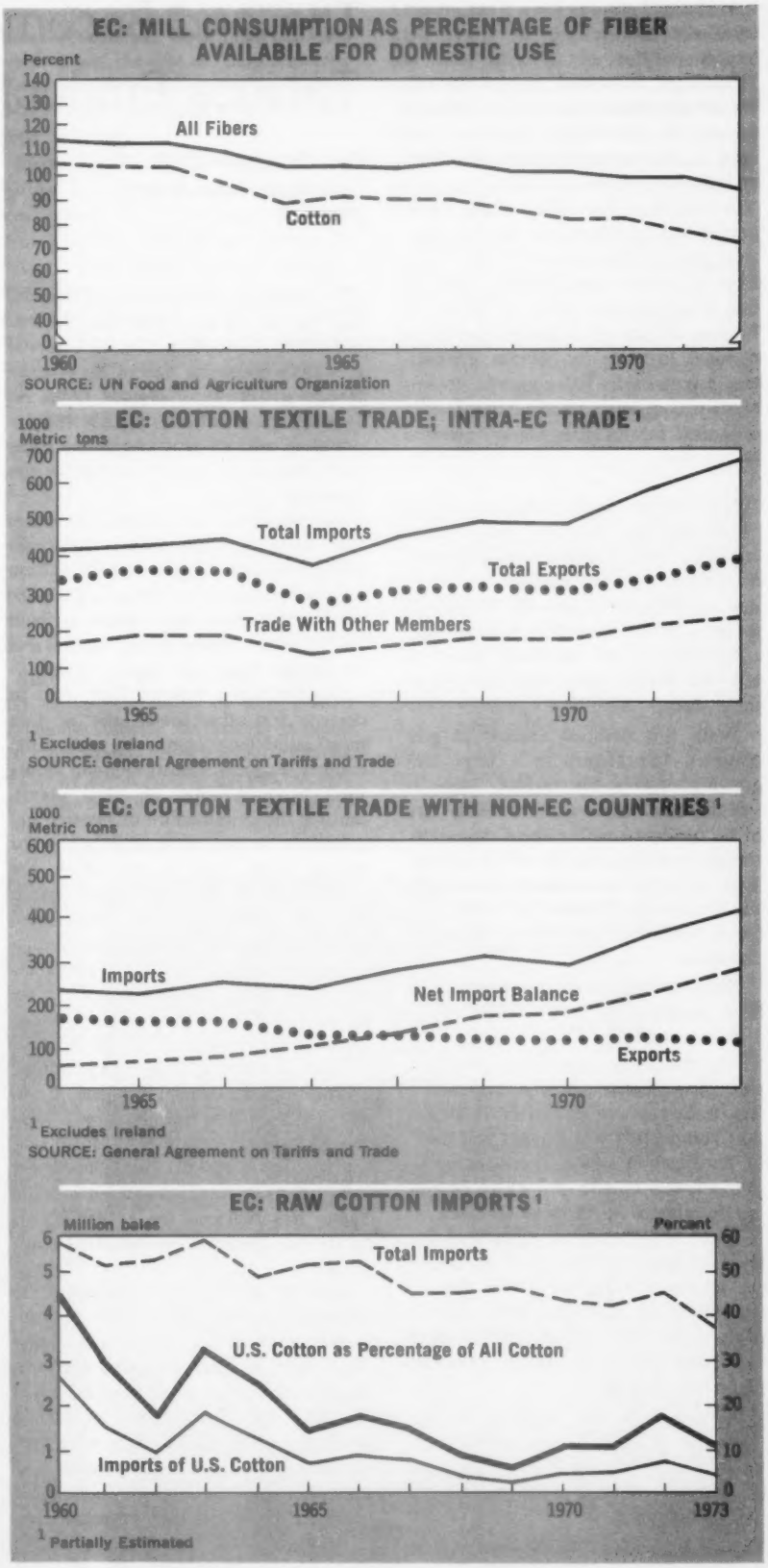
This latter comparison is more meaningful in terms of possible future developments, since trade between EC members increasingly will assume many of the characteristics of domestic trade.

Using the average of reported imports from other EC member countries and exports to other member countries, trade between members was within a range of 167,000-193.000 tons in 6 of the 7 years from 1964 through 1970, and was 225.000 tons in 1971 and 259,000 tons in 1972.

Export of cotton textiles from EC member countries totaled 342,000 tons in 1964, and fluctuated between 278,000 and 358.000 tons in the period 1964-71. Exports then rose to 385,000 tons in 1972. Thus, while the trend in total cotton textile exports was essentially flat, the trend in exports to nonmember countries declined, falling from 174,000 tons in 1964 to 124,000 tons in 1972—a drop of 29 percent in 8 years.

On a net trade basis, France and Italy had significant net export positions in cotton textiles from 1964 through 1968, and Belgium and the Netherlands had smaller net export positions.

In total, trade with nonmember coun-



EC's Modernized Textile Industry: Larger Market for U.S. Cotton?

By HORACE G. PORTER
Foreign Commodity Analysis, Cotton
Foreign Agricultural Service

COTTON mills in the European Community (EC) consume several million bales of cotton annually—almost all of it imported—and there are now reasons to believe that U.S. cotton could find a larger market in the Community than has been the case in recent years.

For centuries, some of the countries comprising the Community have been important producers of cotton textiles as well as key markets for U.S. cotton. Although these countries are now taking a smaller volume of raw cotton than they once did, they still must be regarded as one of the world's leading markets for any fiber.

Of all the U.S. farm products exported to the Community, cotton is in a most favorable market position in that it can be imported by EC countries without any duty or other import restraint, while most other farm products are subject to numerous tariff and nontariff barriers stemming from the Community's highly restrictive Common Agricultural Policy.

The textile industry, long one of the largest industries in the nine-member Community (Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, and the United Kingdom), has had its share of economic problems over the years.

Plant capacity, for example, was found to be excessive when countries that once imported their textiles from Europe shifted their sources of supply, became self-sufficient through expansion of their own textile industries, and in certain instances also became exporters to industrialized nations.

Although the textile producing countries of the Community have some characteristics in common, it would be a mistake to assume that complete homogeneity exists throughout the Western European textile industry.

There are pronounced differences, not only between countries but also between areas and zones of the same country. For example, significant differences exist among size of textile firms, degree of modernization of plant and equipment, relative dependence on domestic markets for plant output, dependence on female workers, and vulnerability to imported textiles.

The rapid growth of Western Europe's economies has expanded job opportunities to the extent that tight employment situations have developed in many areas. This situation led to the attraction of foreign workers from labor-surplus and lower wage areas. As a result, foreign workers today comprise a larger part of the textile industry's labor force than of the total EC labor force.

The European textile industry has found it necessary to shrink its total size and at the same time to modernize its plant and equipment. Today, there are far fewer firms and many fewer spindles and looms than was the case 20 years ago, but for the most part the remaining companies and plants are more efficient, and production of textiles has held up better than might have been expected only a few years ago.

The Community has had both a gradual increase in population and a rising per capita availability of textiles, with consequent significant increases in total textile usage. However, the EC textile industry has not shared fully in this expanded textile demand because of the growing importance of textiles imported from nonmember countries.

Spinning and weaving trends in the period 1960-1972 reflect the magnitude of the adjustments that have been made in all EC countries in that period. Spindle numbers have dropped from 28.2 million to 14.7 million—a decline of 48 percent—and spindle hours decreased from 97 billion to 65 billion—down by 33 percent.

As a result of faster operating speeds and more hours of operation per active spindle, the amount of fiber processed on the working spindles declined only 20 percent between 1960 and 1972.

But behind this figure, there are other major shifts: Total quantity of cotton spun fell 31 percent, quantity of other fibers (mostly manmade) increased 23 percent, and cotton's share of the total dropped from 80 percent in 1960 to 69 percent in 1972.

Meanwhile, the nine EC countries experienced a decline of 56 percent in the total number of active looms, and a decrease of 49 percent in loom hours operated between 1960 and 1972. Total yarn used in the weaving industry de-

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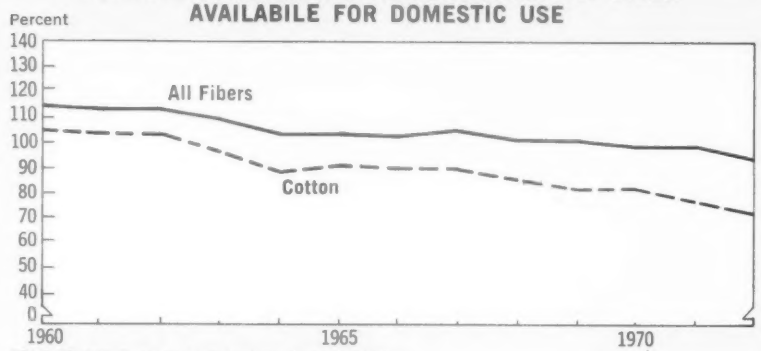
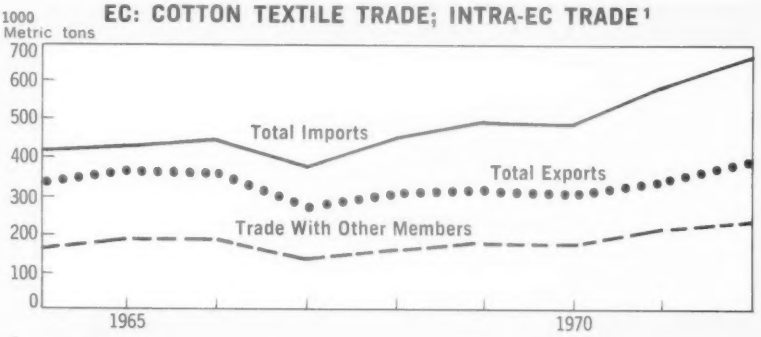
EC: MILL CONSUMPTION AS PERCENTAGE OF FIBER AVAILABILE FOR DOMESTIC USE



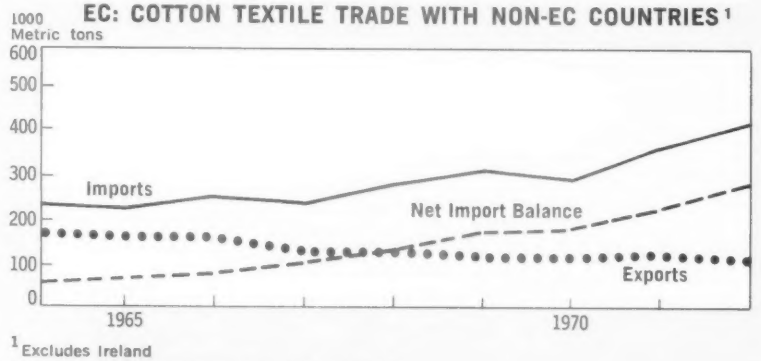
SOURCE: UN Food and Agriculture Organization

EC: COTTON TEXTILE TRADE; INTRA-EC TRADE[1]



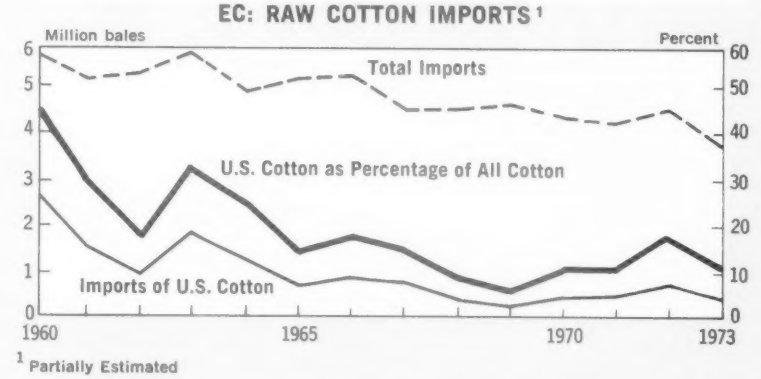
[1] Excludes Ireland
SOURCE: General Agreement on Tariffs and Trade

EC: COTTON TEXTILE TRADE WITH NON-EC COUNTRIES[1]



[1] Excludes Ireland
SOURCE: General Agreement on Tariffs and Trade

EC: RAW COTTON IMPORTS[1]



[1] Partially Estimated

tries changed steadily from a net import level of 68,000 tons in 1964 to a net import position of 293,000 tons in 1972. Thus, more and more of the cotton textiles ultimately used by consumers in the Community were at least spun in other countries from their own or imported cotton.

It is evident that cotton in the Community has fared better at the consumer level than at the consuming mill level. Even so, cotton faces intense competition from manmade fibers at both levels. Fortunately for the industry, the International Institute for Cotton administers programs in EC countries to encourage consumers to rely more heavily on cotton fabrics than would otherwise be the case.

THE COTTON industry also is fortunate in that the time has passed when customers were prone to buy manmade fiber textiles merely because they were new or different. Currently, the textile industry of EC countries believes that customers can be depended upon to buy the textile items that best serve their needs.

While this situation appears to give cotton a fair chance in a large and growing market for textiles, there is still the question of whether textiles are to be produced within the Community or imported from nonmember countries. This question has a direct bearing on the marketing of cotton by the United States and other raw cotton exporting countries.

Many existing textile companies have been modernizing their plants with a view to reducing labor requirements. These companies also have sought to shift their product mix so as to produce less of the types of textiles in which import competition was keenest and more of the types in which import competition was less intense and where operating margins could be more satisfactory.

There is some reason to believe that levels of mill activity in the Community for all fibers, taken as whole, can be maintained or expanded. Some knowledgeable observers believe mill demand for cotton is at or at least near the end of its long decline.

Nevertheless, it is difficult to conclude that competition from either manmade fibers or textile imports will weaken in cotton's favor within the next few years.

Continued on page 16

Thailand Becomes World's Major Tapioca Products Exporter

By GUY L. HAVILAND, JR.
U.S. Agricultural Attaché
Bangkok

ENCOURAGED BY rising export demand for tapioca as an ingredient in feed and other industrial products, Thailand is rapidly becoming one of the world's leading producers of tapioca roots. As a result, the country is now the top exporter of tapioca products, and they in turn rank as its fourth largest foreign exchange earner.

As of 1973, Thai export earnings from these products stood at $124 million, contrasted with only $14 million 13 years earlier. In addition, a great diversification had taken place in both the products available for export and the foreign outlets for these products.

Besides edible tapioca flour used in desserts and other foods—the use that most commonly comes to mind—the country exports industrial-grade flours used by papermills, chemical plants, and for the manufacture of plastics and adhesives, as well as tapioca pellets for animal feeds. The latter—which are prepared from dried pelletized tapioca roots—are now Thailand's most important single tapioca product, accounting for 80 percent of all such exports. On the other hand, edible flour, the main product shipped until about 1960—has declined considerably in importance.

These changes, in turn, have prompted shifts in markets. The European Community has grown into the largest market for tapioca pellets (and dried root chips), reflecting its rising need for lower priced feed ingredients. And Japan has replaced the United States as the top customer for industrial-grade flour.

Growth in tapioca production in Thailand in the past decade has exceeded that of any other commercial crop. Area planted to tapioca and production of tapioca roots have increased five-fold since 1964, when about 1.6 million tons of tapioca roots were harvested from about 260,000 acres. The estimated tapioca root production for 1974 is 8.5 million tons of roots from 1.2 million acres.

How tapioca—or manioc, as it is also called—came to Thailand is not known, but the plant is not native to Southeast Asia. Reportedly tapioca was originally a native crop of the tropical countries of the North and South American Continents, and during early settlement of Southeast Asia by Europeans, tapioca was brought into Thailand, Malaysia, India, and Ceylon from the Americas.

The tapioca plant grows best on sandy soil in regions having 60 or more inches of rainfall; but a dry period at harvesttime is essential. Farmers in the dry northeastern section of Thailand have found that tapioca can be grown profitably, although production there is not as high as in areas of heavier rainfall.

Domestic consumption of tapioca in Thailand is very small, its major use being for laundry starch. It is also used in some pastries, but unlike consumers in many African and Latin American countries, the Thai do not eat tapioca as a daily food. And neither Thai farmers nor the Thai commercial animal feed industry use tapioca as an ingredient in compounded animal rations.

Tapioca is similar to feedgrains in that it consists almost entirely of starch, but tapioca starch is more easily digested. The roots are, therefore, especially suited for feeding young animals, but they also make excellent cattle and pig feeds. Feeding trials have shown that tapioca provides a good quality carbohydrate that may be substituted for corn or barley, and that tapioca rations are especially suitable for swine, dairy cattle, and poultry. Tapioca cannot be used as the sole feedstuff because of deficiencies in protein and vitamins, but must be supplemented with other feeds such as soybean meal that are rich in these missing elements.

Thai tapioca is not exported as roots but is either partially or fully processed. The product requiring the smallest amount of processing is tapioca chips. Tapioca roots are cut or chipped

into about 1-inch pieces and dried. On the average, an acre will produce 8-9 tons of tapioca roots, from which about 3.2 tons of dried tapioca chips can be processed.

The most important use of tapioca chips is for manufacture of animal feed pellets. About 2.9 tons of pellets can be produced from 3.2 tons of chips. In 1974, Thailand anticipates there will be 2 million tons of tapioca pellets available for export.

Tapioca flour for industrial uses is prepared by grinding tapioca roots then mixing the ground roots with water. This process partially loosens the starch from the fiber and permits its separation from the unwanted outer portions of the root. The mixture is put through a centrifuge to remove excess water. The semidried product is further processed by forced air in a drying tower and bagged for export.

DURING THE PAST 10 years, Thai export trade in tapioca products has changed significantly.

Prior to 1960, Thailand exported mainly tapioca flour, largely to the United States. Following formation of the European Community, however, tapioca as a feed ingredient began to eclipse flour in importance. This reflected the establishment of the EC's Common External Tariff on feedgrains, which upped the cost of using imported grains in feed, while tariffs on tapioca products for feed were kept at a relatively low level.

Early tapioca feed shipments to Europe were mostly chips, which had been dried on the ground and contained large quantities of sand and stones. As demand grew, exporters and importers found that grinding and pelleting tapioca chips produced a more uniform product that required less shipping space and contained less foreign material.

Today the largest EC—and world—importer of these pellets is the Netherlands, which in both 1972 and 1973, imported more than a million metric tons. West Germany is the second leading pellet market, but its imports are generally only about 10 percent as large as those of the Netherlands. France was the only other important importer of Thai tapioca pellets in 1972 and 1973.

Surveys of the European Community, following entry of the United Kingdom, indicate an annual demand for more than 4 million tons of tapioca pellets by 1980. And at the present rate of import growth, the 4-million-ton level could be reached by 1977 or 1978. To meet the growing European demand for tapioca pellets, Thailand is encouraging not only production expansion but also better tapioca cultivation practices. Thailand is also controlling the quality of tapioca exports to assure importers of a better product, and to protect its markets.

During 1974, Thailand expects to export 2 million tons of tapioca pellets, most of which will go to Europe. In fact, although shipping charges from Thailand to Europe are high, tapioca is entering the European market at a much lower cost than U.S. feedgrains. Tapioca can replace corn and sorghum in animal feeds on almost a 1:1 ratio.

However, increased European use of tapioca for feed will increase the demand for protein meals. Thus, while use of tapioca may reduce requirements for corn, it may increase the demand for soybean and cottonseed meal.

The United States had been Thailand's most important market for industrial-grade tapioca flour until 1972 when Japan became its leading market for this product. More than 30 countries import Thai tapioca flour, but 60 percent of the exports go to Japan and the United States.

Counterclockwise from left: Freshly dug Thai tapioca roots; a truckload of roots arrive at a factory; tapioca field with temple in background. Thailand has diversified its tapioca products in recent years and now processes edible and industrial-grade flours, as well as tapioca pellets. It is now the world's leading exporter of tapioca products.

World Weather

"A disastrous fall for agriculture" read a caption in a leading Belgian newspaper. And so it has been throughout much of Europe. Many areas reported record rainfall levels and a record number of days with rain. Northern Europe had rain or snow nearly everyday in October, and more of the same the first 2 weeks of November. Much acreage remains unharvested and crops continue to deteriorate. Those especially affected are corn (grain and ensilage), potatoes, sugarbeets, forage crops, and even grapes and some oats. Mechanical equipment cannot cope with the mud and water.

Problems have arisen in getting crops out as well as getting them in. Seeding will have to wait until spring. These fall plantings must compete with the usual spring-sown crops for this land. Farmers in Europe hope for a mild and relatively dry spring and that their equipment can handle such an enormous task.

GRAIN: Prolonged cold, wet weather has impeded harvest of corn and lowered its quality in much of Europe. Planting of winter grains has been difficult and in many of these countries planting intentions will never be realized. This places added burden on spring planting, not only in the selection of substitute crops but also in the physical difficulty (in terms of time and equipment) of getting the job done.

Winter wheat seeding was completed in the USSR, although a little short of planned acreage. A warm, dry fall in most of the USSR winter wheat region delayed dormancy a couple of weeks, causing concern that the extra growth would make the wheat more vulnerable to winterkill.

China has good soil moisture except in the Hunan and Hupeh Provinces, where unirrigated late rice would be affected. In India the summer monsoon ceased, and many states are too dry for a good start on winter grains. The Indian Government has given high priority to electricity for pump irrigation, but at the price of curtailed operation of fertilizer plants. Dry weather continues to delay seeding in Iraq, Syria, Bulgaria, and Spain.

West Africa, aided by favorable weather, is harvesting good crops of millet and sorghum. October rains improved grain prospects in southern areas of Chile. Brazil's extended dry season delayed seeding of "summer" crops in Sao Paulo. Drought continued in the southern portion of Argentina's wheat region to the detriment of maturing grain. Further north in Argentina, corn is off to a good start with adequate soil moisture.

FIBER: Development of cotton was satisfactory and harvest progressed well in most of the Northern Hemisphere. Wet weather occurred in the U.S. Southwest and rain caused some damage to unpicked cotton in Syria. Despite Hurricane Fifi crops in Honduras need rain, as do those in Guatemala. Land preparation and seeding in southern Brazil benefited from "spring" rains.

FORAGE: The cold, wet fall in Europe has slowed pasture growth, limited harvest of crops for ensilage, and reduced dairy production. Some corn has been damaged beyond salvage. Many fodder beets remain in the ground, and will rot before harvest. In contrast, drought has reduced forage in Bulgaria, southern Romania, most of Spain, and parts of Brazil and Argentina.

HORTICULTURE: In Europe many potatoes and other root vegetables remain unharvested and subject to rot from waterlogged soils and to freeze damage from encroaching winter. Late October frosts seriously hurt wine grapes and other fruits and vegetables in Chile. Guatemala's banana industry now estimates 2.5 million boxes of the fruit lost to Hurricane Fifi.

SUGAR: Soggy soils in Europe continue to drag out harvest of sugarbeets and contribute to lower sugar yield. Incidence of frost is increasing. Typhoons have plagued sugar in the Philippines in recent weeks, disrupting transportation to ports and prompting a Government embargo of sugar exports.

Quota Limits Set on U.S. Imports of Meat, Livestock from Canada

On November 16, President Gerald R. Ford signed a proclamation authorizing the imposition of quotas on U.S. imports of cattle, hogs, beef, veal, and pork from Canada. This action was taken under Section 252(a) of the Trade Expansion Act of 1962, which permits the President to impose duties or other import restrictions on the products of any foreign country "maintaining unjustifiable import restrictions against U.S. agricultural products which impair the value if commitments made to the United States, oppress the commerce of the United States, or prevent the expansion of trade on a mutually advantageous basis."

The restrictive action on Canadian livestock products has been taken in an effort to obtain the removal of quotas imposed by Canada last August on US. slaughter cattle, beef, and veal moving to the Canadian market.

The U.S. quota restrictions will limit the volume of cattle, hogs, beef, veal, and pork that can enter the United States from Canada to the following aggregate quantities, retroactive to August 12, 1974:

- Beef cattle: 17,000 head (TSUS[1] items 100.40, 100.43, 100.45, 100.53, and 100.55.)
- Beef and veal, fresh, chilled, frozen, prepared, or preserved: 17 million pounds. (TSUS items 106.10 and 107.60).
- Hogs: 50,000 head. (TSUS 100.85).
- Pork, fresh, chilled, frozen: 36 million pounds. (TSUS items 106.40, 107.30, and 107.35).

For 30 days after the imposition of the quota, however, entries under the quota will be limited to one-twelfth of the respective quota quantity specified for each product.

According to U.S. Census Bureau statistics, U.S. imports from Canada in these categories during August and September were as follows: Beef cattle, 7,186 head; beef and veal, 5.998 million pounds; hogs, 23,096 head; and pork, 7.495 million pounds.

It is hoped that U.S. retaliatory action will lead to the early removal of the

[1] Tariff Schedules of the United States.

Continued on page 16

Indonesia's Tobacco Industry Expands Its Imports of Leaf

Indonesia's expanding cigarette industry is looking increasingly to imported tobacco to supplement its short supplies of domestic leaf caused by rapidly rising consumer demand and adverse weather in the past 2 years.

In 1972, Indonesian tobacco imports totaled about 6,000 metric tons, of which about 400 tons were U.S. leaf. Domestic leaf production was about 78,000 tons. In 1973, domestic outturn of tobacco rose by about 2 percent to about 78,600 tons, and partial data on 1973 imports indicate that shipments from the United States as well as from other supplier countries rose at an even higher rate.

Still another factor contributing to Indonesia's rapidly rising demand for cigarette tobacco is the domestic shortage of cloves, an essential ingredient in the manufacture of kretek (clove) cigarettes, the traditional type preferred by many Indonesian smokers. As the price of cloves rose in 1972 and 1973, retail prices of kretek cigarettes advanced sharply, and sales dropped as an increasing number of consumers switched from kretek to white (conventional) cigarettes.

Production of kretek cigarettes was 19 billion pieces in 1969, while output of white cigarettes was only 11 billion pieces. But by 1972, annual output of white cigarettes had jumped to about 17 billion pieces, while kretek output had advanced only slightly to some 20 billion pieces.

In 1973, the scarcity of domestic cloves and higher prices of imported cloves were chiefly responsible for a 26 percent decline in production of kretek cigarettes to only 16 billion pieces, while white cigarette production jumped by about 18 percent to 20 billion pieces. A further gain in white cigarette output to about 22 billion pieces is expected in 1974.

As a result of these shifts in demand patterns, the number of white cigarette manufacturers has remained unchanged, but the number of kretek cigarette manufacturers has declined and is expected to drop still further.

Weather adversely affected both the quality and quantity of Indonesian tobacco in 1972 and 1973. Growing conditions were excessively dry in 1972, and in 1973 were too wet to support a high quality crop.

Outlook for imports of U.S. tobacco is brighter, as a result of these factors. Imports of leaf tobacco in 1973 totaled about 6,500 tons, compared with 5,981 tons in 1972. A continuous increase in white cigarette production is contributing to the greater demand for imported tobacco, and an expanded import volume is expected in 1974.

The People's Republic of China ranked first among supplier countries, with the United States ranking fourth after Mozambique and India. Although U.S. tobacco is highly preferred by the leading Indonesian manufacturers of white cigarettes, its prices are viewed as unattractive for producing reasonably cheap cigarettes for Indonesian consumers. However, the expected increase in production of white cigarettes and the demand for high quality cigarettes should enhance prospects for U.S. leaf tobacco.

Indonesia's clove requirement for kretek cigarette production is about 30,000 tons annually, of which about 20,000 tons are produced domestically and about 12,000 are imported.

The kretek industry is highly dependent upon Zanzibar cloves, which are considered by many consumers to impart better aroma and taste qualities to cigarettes than does the domestic product.

With domestic clove production down and prices of imported cloves up, the Indonesian kretek industry faces a difficult period. The Clove Cigarette Manufacturing Association of Indonesia is urging importation of at least 18,000 tons of cloves, and a trade delegation has been dispatched to Zanzibar and Malagasy to discuss new supplies.

A significant drop in total tobacco consumption from 62,110 tons in 1972 to 54,410 tons in 1973 was largely accounted for by the sharp decline in production of kretek cigarettes.

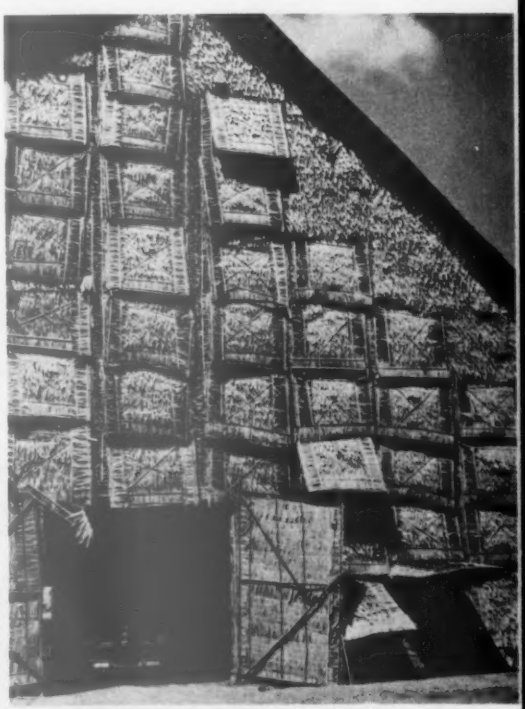
The uptrend in filter-tip white cigarettes also reduced to some extent the use of tobacco. Imports are expected to jump still further in 1974 with the expected increase in white cigarette production.

Since exports as well as cigarette production increased in 1973, total tobacco stocks on hand by growers, traders, and exporters were reduced. Exports are expected to increase somewhat in 1974, however.

Export sales to most European countries are made through the Central Marketing System in Bremen, Germany, while sales to other countries—including the United States, Spain, some North African countries, Canary Islands, Japan, the Philippines, Czechoslovakia, East Germany, and others—are made directly through normal trading procedure with export prices based on each individual sales contract and not subject to any special fixed prices.

Indonesia's white cigarette industry includes 22 factories having an annual capacity of 43 billion pieces. The number of kretek factories has declined from 380 in 1972 to 287 in 1973, and a further drop is anticipated.

—Based on report from Office of U.S. Agricultural Attaché Jakarta



A cigar tobacco curing barn on the island of Sumatra. Straw panels are opened after sundown to permit free movement of air around tobacco.

Northeast Brazil Trying To Match Economic Growth Rate of South

By GERALDO F. SIMOES
Office of U.S. Agricultural Officer
Sao Paulo

NORTHEAST BRAZIL, which covers 19 percent of that country's total area, has been receiving Federal funding for the past 10 years to accelerate its rate of growth in order to bridge the economic gap with that of the South.

Included in the region of the Northeast are the States of Bahia, Sergipe, Alagoas, Pernambuco, Paraiba, Rio Grande do Norte, Ceará, Piauí, and Maranhão. This area's population increased about 2.2 percent annually in the past decade to a total of 30 million people in 1973. Of this total, 5.7 million persons in 1970, or 65 percent of the economically active population, were engaged in agriculture.

The growth in per capita incomes during the past decade was slow, going from $80 in 1960 to $240 in 1972—only about half the national average.

In an effort to assure a better distribution of income between the Northeast and South Brazil, the Federal Government's major emphasis has been to assure relative price stability, as well as to correct the regional and social disparities.

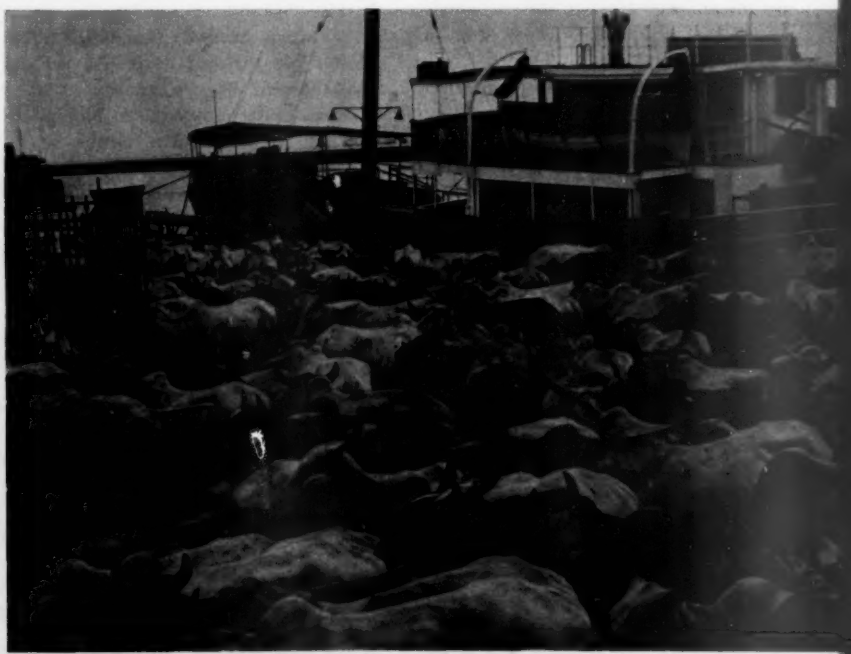
In 1959, the Superintendency for Northeast Development (SUDENE) was created to coordinate and plan the development in the Northeast. Funds for the Northeast Development Projects are derived from fiscal incentives allocated through SUDENE. Corresponding to 25 percent of a company's income tax, the incentives are invested—in part at the option of the taxpayer—in tourism, fishing, and reforestation, as well as agricultural or industrial enterprises. Enterprises receiving these incentives are exempt from corporate income tax for 5-20 years, but the amount of income tax saved must be reinvested through capitalization.

In 1971 fiscal incentive funds of about $164 million were invested in SUDENE's agricultural and industrial projects, compared with about $600 million between 1962 and 1971.

By 1972 income tax revenue increased by about 48 percent, which had a positive effect upon the entire Northeast economy, because more incentives were available for the area.

In addition to SUDENE, PROTERRA was created in 1971 to finance the land distribution program and accelerate the agricultural/industrial development in the Northeast as a result of the devastating effects to the economy brought about by the severe drought of 1970. PROTERRA's program is managed by the National Institute of Colonization and Agrarian Reform (INCRA) and financing is controlled by the Bank of Brazil and the Bank of the Northeast.

The purpose of PROTERRA is to create employment for unskilled labor,



From left: A Brazilian farmer handthreshing castor beans on his farm in the Northeastern part of the country; cattle arriving by ship in Recife, Pernambuco's major seaport; and a Brazilian farmer who was resettled in the Northeast by SUDENE, the agency responsible for developing that part of the country.

create accessability to land suitable for agriculture, and develop agro-industry. Between 1972 and 1976, PROTERRA's programs are expected to receive Government financing of about $800 million, of which about half already had been invested by 1973. Under this program, loans are made at 7 percent annual interest, with 2-4 years' grace period, and a repayment period of up to 12 years.

PROVALE is another agricultural development project created in the Northeast that is concerned with stimulating development in the Sao Francisco River Valley through colonization, irrigation projects, and improved agricultural production.

The Bebedouro irrigation project in Petrolina, State of Pernambuco, was one of the first and largest to be established successfully there.

PROVALE's programs call for the mobilization of immense resources, which when rechanneled in the form of loans to companies, generate productive activity and new employment.

Over the past decade, the Brazilian Government has become aware that parallel to the need for high investments in the Northeast is the necessity for an equitable distribution of such investments to enable the domestic market to expand within the limits of its consumption capabilities.

But despite the influx of funds into the Northeast, a study conducted by the Bank of the Northeast concluded that in relation to demand, production deficits will continue to exist by 1980, except for manioc and beans.

Even with all the adverse factors, agricultural production in the Northeast has increased at an average rate of 5 percent annually in the last 10 years, while the average growth for all of Brazil was below 5 percent during the same period. According to SUDENE, the economy of the Northeast gained 13 percent in 1973, compared with a 11 percent national average.

MAJOR COMMODITIES grown in the Northeast are sugar, cotton, cocoa, castorbeans, tobacco, and sisal.

Raw sugar exports from the Northeast in 1972 reached 1,332,530 metric tons, valued at $208 million. Price received by the mills is determined by the Alcohol and Sugar Institute (IAA). Some portion of the resulting fund is then used by the IAA for social/industrial development programs in the Northeast.

The sugar industry is undergoing extensive modernization through incorporations, mergers, and relocation of sugar mills in the area. The Bank of Brazil is acting as the financial agent for these vast programs with a view toward greater productivity and a larger share for Brazilian sugar in the international market. Official expectations for the Northeast are for a 30 percent increase in sugar production within the next 4 years.

Loans of approximately $200 million have been authorized for the execution of the development program. During the first 18 months of the project, 57 plans, involving 102 mills, were approved.

Brazil supplied 657,083 tons of total U.S. raw sugar imports which amounted to 5.3 million short tons in 1973.

Cotton's importance to the farm economy of the Northeast was emphasized in a study by SUDENE, which showed that cotton accounts for 23 percent of all farm income, including both crops and livestock. Although a serious drought in 1970-71 sharply reduced production, cotton plantings in the Northeast have expanded moderately.

The 1973-74 Northeast cotton crop is estimated at 210,000 metric tons (965,000 bales—480 lb. net), compared with 360,000 metric tons (1,653,000 bales) from the weather-damaged South Brazil crop. Raw cotton exports from the Northeast in 1972 reached an estimated 200,000 bales, valued at $30.5 million, but in December 1973 the Government established a quota of 276,000 bales on raw cotton from the 1973-74 Northeastern crop in order to strengthen domestic production and exports of cotton textiles. However, in early June 1974 the Government removed all quantitative export restrictions on both 1973-74 crops.

Northeast cotton has one of the best quality fibers, but expansion of exports has been limited because of low productivity, averaging nearly 95 pounds per acre in 1972. In an effort to increase output the Institute for the Development of Cotton and Oilseeds (INFAOL) was created to: Assist farmers and official entities with the marketing of seeds and financing; publicize new cropping practices, subsidies, and incentives offered by the Government; disseminate to producers the best cotton seeds available in the Northeast; and conduct studies to improve dry farming and set seed standards for the area.

Cocoa is another very important crop to the Northeast's economy with production largely concentrated in the State of Bahia. The 1972-73 cocoa crop registered 158,700 metric tons and the 1973-74 crop is estimated at around 225,000 metric tons. Exports in 1973 totaled $142 million, an increase of $50 million over the level of the previous year.

Total U.S. imports of cocoa beans in 1973 were 251,705 metric tons, compared with 286,687 tons in 1972. Of the total, imports from Brazil were 36,149 tons.

DOMESTIC CONSUMPTION of cocoa is estimated by the trade at about 17,000 metric tons for 1973-74. With the work being done by the Special Commission for the Development of Cocoa Production in Bahia (CEPLAC), production is forecast to increase to over 4 million bags within the next 3 years and rise to 5 million bags by 1982. At this rate of growth, Brazil will probably surpass the Ivory Coast and possibly equal that of Nigeria in cocoa production within the near future.

Continued on next page

Castorbean production in the Northeast—mainly in the State of Bahia—is estimated at around 170,000 metric tons in 1973, compared with Brazil's estimated total of 400,000 metric tons. Recognizing Bahia's potential, one large castorbean processing and exporting firm, with financial incentives from the Bank of Brazil and SUDENE, is establishing one of the largest castorbean plantations in the world, with a planned crop of 60,000 metric tons by 1976.

Total U.S. imports of Brazilian castor oil in 1973 were 39,388 short tons, compared with only 11,254 from India—the other major U.S. supplier.

Tobacco production in the Northeast accounts for about one-fourth of Brazil's total tobacco output, with leaf tobacco exports from the Northeast in 1972 valued at $20.1 million.

Sisal production in the Northeast is concentrated largely in the two States of Paraíba and Bahia, with 1973 production estimated at around 285,000 metric tons. Export earnings in 1973 probably reached $45 million, compared with $22.5 million in 1972.

The United States took 7,608 tons of raw sisal (and Henequin) from Brazil in 1973. This compares with total U.S. imports of 32,340 metric tons.

In the livestock industry, broad prospects for growth in cattle raising in the Northeast should be opening with the encouragement provided by PROTERRA and SUDENE's incentives.

From 1964 to 1973, SUDENE approved some 506 cattle breeding projects, with half of the funding derived from fiscal incentives and the balance from private investors.

According to the Bank of the Northeast Research Organization (ETENE) beef production in the area could reach 454,800 tons in 1980, against an estimated demand of 595,700 tons. But in order for beef production to reach optimum levels, the average carcass weight should rise from about 375 pounds to nearly 420 pounds by 1980. With PROTERRA's financing and SUDENE's incentives, this increase in weight probably can be accomplished within the next 5 years.

Total exports from the Northeast in 1973 are estimated at about $700 million, compared with $544.5 million in 1972. According to SUDENE, the Northeast accounted for around 30 percent of Brazil's total agricultural production in 1973, compared with 28 percent in 1969.

Canadian Meat Quotas

Continued from page 12

Canadian quotas and reestablish the free trade movements in livestock and livestock products that have traditionally characterized both markets. The U.S. action should not significantly affect U.S. retail meat prices because imports of these livestock products from Canada account for less than one-half of 1 percent of total U.S. consumption of red meat.

Prior to the proclamation, public hearings were held on October 25, 1974, in Washington, D. C., to allow all interested parties to present all facts and views on the economic impact of the proposed U.S. action. Testimony by U.S. livestock industry representatives generally favored taking retaliatory measures against Canadian shipments of cattle, beef, veal, hogs, and pork.

The U.S. action was precipitated by the imposition of quotas on slaughter cattle weighing over 700 pounds, beef, and veal by Canada on August 12, 1974. These quotas, based on 1969-73 average imports, restrict U.S. shipments to Canada to 82,835 head of slaughter cattle and 17,899 million pounds of beef and veal for the 12-month period ending August 11, 1975.

In 1973, Canada imported 216,000 head of cattle from the United States and 35 million pounds of beef. Therefore, the Canadian quotas will reduce imports of U.S. beef and veal during the 12-month period by almost 50 percent below 1973 levels, and at the same time, cut cattle imports from the United States by slightly over 60 percent.

Canada's quotas on imports of cattle and beef are the most recent in a series of actions over the past year that have interfered with U.S. beef, veal, and cattle exports to Canada. From November 2, 1973, to February 11, 1974, the Canadian Government levied an import surtax on cattle and fresh beef.

The surtax was followed by a ban on U.S. livestock and livestock product imports from April 9, 1974, to August 2, 1974, because the type of import certification procedures demanded by the Canadian Government to prove the absence of diethylstilbestrol (DES) could not be met. When the Canadian Government announced on August 2, 1974, that it had accepted a DES certification procedure proposed by the United States, it simultaneously announced that quotas would be imposed on cattle, beef, and veal, effective August 12.

Thus, since November 1973, each time U.S. negotiators obtained the removal of a Canadian import restriction on cattle and beef, another import restriction was imposed shortly thereafter.

Canada maintains that these quota restrictions are needed to protect its new beef stabilization plan, which was announced at the same time as the quotas. Under this scheme, Canada's beef producers are guaranteed a price of C$45.42 per hundredweight for all cattle graded A, B, and C. Any shortfall in actual market prices is made up by the Canadian Government in the form of a deficiency payment.

Implementation of a new beef carcass grading system in late 1972 caused a shift in Canadian production to lower grade cattle with less marbling and fat covering. This helped to create a shortfall in the supply of high-quality beef demanded by the hotel and restaurant trade, which was met largely by increased movement of Choice grade cattle and beef from the United States.

EC Textile Industry

Continued from page 10

Whether or not cotton can hold its own or improve its position may depend in large measure on the extent to which vigorous, innovative steps are taken in merchandising and promotion.

Regardless of whether cotton mill consumption in the Community gains a little or loses a little in the next few years, large quantities of cotton will be consumed.

The United States produces large quantities of most of the qualities of upland cotton that are used by the EC cotton textile industry, and it appears that there is a large area of mutual self-interest between cotton firms in the United States and cotton mill firms in the Community in fostering a greater flow of U.S. cotton to EC mills.

There have been occasions when institutional factors such as the U.S. Cotton Loan Program precluded U.S. firms offering American cotton for export at competitive prices. Under present U.S. agricultural programs, however, there should be no such obstacle to responsible mill buyers and responsible exporters arriving at mutually agreeable terms under which larger quantities of the desired quantities of U.S. cotton can move regularly to EC consuming mills.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rains Hurt EC Harvests

Continuous rainy weather throughout September and October has severely hurt fall-harvested crops in the northern part of the European Community. Harvesting of the French corn crop, in particular, is well behind normal, and quality of the crop has been reduced.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Nov. 19	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.42	−5	5.75
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	6.37	−3	5.46
15 percent	(1)	(1)	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	6.18	−16	5.41
No. 3 Hard Amber Durum	8.16	−10	8.11
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	4.18	−6	3.19
Argentine Plate corn	4.51	−1	3.40
U.S. No. 2 sorghum	4.31	+4	3.33
Argentine-Granifero sorghum	4.39	+8	3.28
U.S. No. 3 Feed barley	3.90	+3	2.82
Soybeans:			
U.S. No. 2 Yellow	8.47	−48	6.40
EC import levies:			
Wheat	0	0	0
Corn	0	0	.06
Sorghum	0	0	.04

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

Milling Percentage Of Canada's Wheat Low

A preliminary assessment of the 1974 wheat crop by the Canadian Wheat Board (CWB) indicates that only 36 percent of the wheat to be delivered for off-farm sale will be grade No. 1 or No. 2 Canada Western Red Spring Wheat. These are the top two Canadian grades that are sold with protein guarantees. A similar survey of the 1973 crop indicated that about 75 percent fell into the top two grades, and this figure was later upgraded to 86 percent. About 30 percent of the 1974 crop is expected to be grade No. 3 Utility, compared with less than 1 percent of the 1973 crop. Quality of the Durum wheat has been similarly affected.

Since the early October survey, weather in the Prairie Provinces has been favorable for threshing, and the harvest has been virtually completed.

Corn Harvest Lags in Yugoslavia

Harvesting of corn and planting of winter grains continue to lag in several key grain-producing areas in Yugoslavia. As of early November, only one-third of the corn crop had been harvested and a quarter of the planned winter wheat acreage had been sown in the Yugoslav wheat belt of Vojvodina. Wheat sowing normally is over in Yugoslavia by mid-November, but planting conditions this fall have been described as the "most unfavorable in the past 30 years" because of unusually prolonged rainfall.

LIVESTOCK AND PRODUCTS

U.S. Livestock and Meat Imports Down

September U.S. imports of livestock, meat, and meat products were valued at US$123 million—down 30 percent from those of a year earlier. This decline marks the sixth consecutive month that imports have been lower than those of the corresponding period of 1973.

Downward trends for September were reported for beef, veal, pork, and live animals (cattle, sheep, and hogs); miscellaneous animal byproducts, hides, and skins showed increases.

For the first 9 months of 1974 total imports were valued at $1,470 million—down 6 percent from the level a year-earlier. Nearly all commodities weakened in both volume and unit price, with the exceptions being live cattle imports from Mexico and live hog imports from Canada. Both of these commodities showed volume increases for the year. Live animal imports from Mexico—almost entirely feeder cattle—are up about 7 percent for the year. Live hog imports are up from 65,809 in 1973 to 174,129 for the same 1974 period.

U.S. Livestock, Meat Exports Continue at High Levels

U.S. exports of livestock, meat, and meat products in September were valued at $110 million—down 3 percent from those of a year earlier, but remaining at a very substantial level. Commodities showing the greatest increases were pork, lard, tallow and greases, and miscellaneous animal byproducts. Principal markets for lard were Canada, Mexico, and Ecuador. For tallow and greases, the major import countries were India, Bangladesh, Egypt, South Africa, and Mexico.

Meanwhile, September exports of beef, veal, variety meats, hides, skins, and live animals were sluggish.

The outlook for calendar 1974 has stabilized somewhat. An important factor has been the DES certification program,

which allows limited movement of U.S. slaughter cattle into Canada. Movement during September appears to have accelerated to a level, which if maintained, could result in the maximum movement allowable (24,851 head) for the current quarter ending December 31, as early as the middle of November.

For the balance of the livestock and meat commodities, current trends are expected to continue through the remainder of calendar 1974.

For the first 9 months of calendar 1974 total exports of livestock, meat, and meat products amounted to $1,198 million in value—up 20 percent for the year. Much of this increase resulted from a rise in the total export value of lard, tallow, greases, furskins, miscellaneous animal byproducts, and live animals. Unit values continue at or slightly below levels of a year earlier.

Weakness for the year is evident in the total value of beef, veal, and hides and skins. Although up during September, sales continue behind year-earlier levels.

Total values for variety meats are down 2 percent for the year. However, the reason for this decline is a drop in unit value rather than a drop in volume. This same situation also exists with regard to hides and skins.

SUGAR AND TROPICAL PRODUCTS

U.S. Sets Global Sugar Quota

A Presidential Proclamation on November 18 established the United States sugar import quota at 7 million short tons (raw value) per calendar year beginning January 1, 1975. The quota will be applied on a global first-come, first-served basis, and replaces country quotas under the United States Act, which expires December 31, 1974. Sugar imported under the quota beginning in 1975 can be on either a raw or a refined basis.

It is expected thtat imports of sugar into the United States in 1975 will be considerably less than the 7 million ton quota, and that the quota will not prove to be a restrictive factor. The U.S. import duty will remain at the present rate of 0.625 cents per pound (raw value) when the Act expires. In the absence of quotas next year, there would have been an automatic "snapback" to a duty rate of 1.875 cents per pound.

OILSEEDS AND PRODUCTS

U.S. Vegetable Oil Sales Accelerate

U.S. exports of vegetable oil for nearby delivery have accelerated during recent weeks. Certain countries that were waiting for lower vegetable oil prices took advantage of a recent decline in U.S. vegetable oil prices and contracted for oil to fill nearby requirements.

Yugoslavia, the Dominican Republic, and Peru purchased 6,000, 8,000 and 6,000 tons, respectively of U.S. soybean oil for November-December delivery. Mexico bought 15,500 tons for February-April delivery during the price decline. Japan purchased 6,000 tons of U.S. cottonseed oil and is continuing to seek offers on small quantities of U.S. vegetable oil.

Other countries currently seeking U.S. vegetable oil for nearby delivery during November-December are Greece (10,000 tons) and Yugoslavia (10,000-20,000 tons).

Although U.S. vegetable oil prices recently have been making limited advances on the futures markets, the U.S. market currently is supplying the bulk of the worldwide demand for soybean oil. This is because U.S. prices are still 2-3 cents a pound below prices in Europe.

Trade sources indicate that fear of export controls is the main reason for the difference between the U.S. and European markets.

U.S. Palm Product Imports Down

During the year ending September 30, 1974, U.S. imports of palm products, copra, coconut oil, and palm oil totaled 995.6 million pounds, oil basis, compared with 1,327 million in 1972-73. The bulk of the decline reflected reduced imports of copra. During the 1973-74 year imports were 92.7 million pounds, oil basis, compared with 308.3 million in 1972-73. The decline in imports resulted from the steep rate of the differential export tax on Philippine copra exports.

Reduced export availabilities of coconut products from the Philippines also pushed prices up sharply, further restricting imports of coconut oil. U.S. imports of palm oil declined, despite a significant increase in the current level of world export availabilities.

The decline of 331.4 million pounds in U.S. imports of palm products, oil basis, was equal to the oil fraction of 31.3 million bushels of soybeans. This shortfall was a strong influence on the U.S. soybean crush in 1973-74 as well as a factor in the substantially higher oil prices that still prevail.

In 1974-75 a substantial reversal in world coconut oil availabilities, together with accelerated expansion in palm oil availabilities, should stimulate U.S. imports of palm products, and thus reduce domestic requirements for soybean oil.

FRUIT, NUTS, AND VEGETABLES

Argentina Imports Grapefruit

Argentina—third largest producer of fresh grapefruit—has authorized imports of 750 metric tons of grapefruit from Paraguay in what was described as an exceptional and one-time-only case. Imports were permitted through the month of September.

Australia Has Smaller Canned Fruit Pack

Australia's 1974 canned deciduous fruit production currently is estimated at 7.5 million cases (basis 24/2½'s) 27 percent below the 1973 pack of 10.4 million. Record rainfall caused flooding in the Goulburn Valley of Victoria where about 30 percent of the clingstone peach trees were lost due to root rot and waterlogging. The 1974 canned peach pack is estimated at 2.5 million cases, 45 percent below the 1973 pack of 4.6 million. Apricots suffered less damage and canned pear production showed a small increase. The 1974 production of other items in million cases is: Apricots, 0.6; pears, 3.1; and mixed fruits, 1.4.

The short pack will hold 1974 exports substantially below the 1973 level. Exports in million cases totaled 3.8 of peaches, 0.4 of apricots, 2.9 of pears, and 1.6 of mixed fruits during 1973. Exports during the first 6 months of 1974 were sub-

stantially below the levels of a year earlier. The United Kingdom traditionally has been the major market for Australian fruits. Reports indicate exports to the United Kingdom and Canada were substantially lower during the first 6 months of 1974, while exports to West Germany and Scandinavia were more nearly maintained.

West Germany To Import Canned Pears

West Germany has announced a tender allowing imports of canned pears from a large number of countries, including the United States.

Applications for import licenses will be accepted until an undisclosed value limit is reached, but not later than March 19, 1975. Import licenses issued generally will be valid until March 30, 1975. Pears must be in immediate containers of less than 4.5 kilograms (9.9 lbs). Products with added sugar are subject to the European Community's sugar-added levy.

Malaysia Promotes Local Fruits

The Malaysian Government is making a concerted effort to increase both the production and consumption of Malaysian fruits. Research on local fruits has intensified as well as campaigns promoting local fruit consumption.

Malaysia's Federal Department of Agriculture has been directed to prepare a program for local fruit cultivation on a large scale. Fruits to be grown more extensively are pineapples, ciku, soursop, papayas, guavas, grapefruit, strawberries, and oranges. Locally produced fresh fruit is protected from imports by a duty rate of 40 Malaysian cents per pound.

Japanese Mikan Estimate Down

Japan's Ministry of Agriculture and Forestry issued revised estimates for 1974 mikan orange production at 3,568,000 metric tons as of October 1. The new estimate is 8 percent below the August 1 survey estimate of 3,870,000 metric tons, but still above 1973's harvest of 3,390,000 tons and about the same as the record 1972 harvest of 3.6 million tons.

The lower October 1 estimate is a result of a Government and industry plan to thin the current crop to maintain acceptable minimum grower and wholesale prices. The target has been to reduce production to 3.2 million metric tons.

Denmark Imports Fewer Hops

During the 1973-74 year Denmark imported 965,615 pounds of hops and hops meal, compared to 959,001 pounds in 1972-73. As Denmark has virtually no domestic production of hops, it depends entirely on imports for domestic use.

Because of decreasing domestic and export demand for Denmark's beer output, hop imports for 1974-75 are forecast at 925,932 pounds, about 4 percent below the 1973-74 level.

Iranian Dried Fruit Output Up

Iran reports a larger 1974 dried fruit crop. Total production is estimated at 369,500 metric tons, 9 percent above that of 1973. Favorable weather was reported in the Azarbaijan and Khorassan production areas. Estimated 1974 production by item in metric tons is: Apricots, 9,500; dates, 310,000; and raisins, 50,000. Comparable 1973 statistics in metric tons were apricots, 8,500; dates, 285,000; and raisins, 45,000.

The Iranian Government has signed agreements with foreign investors to increase acreage and upgrade the quality of grapes for raisins and wine. New Iranian grape areas are being brought under cultivation in Shiraz and Rezaieh in Western Azarbaijan.

Estimates indicate 1973–74 season exports totaled 8,500 metric tons of apricots, and 30,000 metric tons each of dates and raisins. The USSR and the European Community are important markets for apricots and raisins; the United States, Kuwait, and Czechoslovakia are important markets for dates.

Spain Has Larger Canned Fruit Pack

Spain reports a larger 1974 canned deciduous fruit pack. Production is estimated at 4 million cases, basis 24/2½'s, 8 percent above the 1973 pack of 3.7 million cases. Weather conditions were favorable, and crops of canning apricots and peaches were large. The 1974 packs of individual items in million cases are estimated as follows: Apricots, 1.4; peaches, 1.3; and other fruits, 1.3. Comparable 1973 levels in million cases were apricots, 1; peaches, 1.3; and others, 1.4.

GENERAL

U.S. Processed Food Show Held in Guatemala

The first promotional show of U.S. processed foods ever to be held in Latin America under the sponsorship of the Foreign Agricultural Service (FAS) took place October 7 and 8 in the Salón de los Próceres of the Camino Real Hotel, Guatemala. It was only the second time that an "Attaché Product Display" had been held anywhere.

Trade attendance and interest was good, according to U.S. Agricultural Attaché John C. McDonald, and importers and merchants saw and tasted many new products for the first time. Several participants asked to become producers' representatives for Central America.

Invited to the opening day event were Guatemalan Military commissary managers, Government and U.S. Embassy officials, restaurant and club owners, and other food distributors. Importers and supermarket owners were guests of honor on the second day, which was set aside for the food trade.

Among the items on display were frozen dinners, low calorie dressings and fruits, natural cereals, cheeses, wines, grape juice, nuts, canned meats, fruits and vegetables, cookies and crackers, soups, turkey rolls, cooking oil, preserves, soy protein extender, and pet food.

Other Foreign Agriculture Publications

- 1974-75 Coffee Crop Up Sharply Over 1973-74 (FCOF 3-74)
- August U.S. Trade in Livestock, Meat, and Meat Products (FLM-MT-10-74)
- World Grain Situation: Review and Outlook (FG 23-74)

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Dutch Farmers Seriously Delayed in Harvesting Root Crops

Too much rain in the Netherlands—as in much of Western Europe—is delaying farmers in harvesting crops, such as sugarbeets, shown right, and onions and other root crops. This is particularly true in southwestern Netherlands. Current estimates set total losses at around $75 million, according to U.S. Agricultural Attaché Jerome Kuhl, The Hague.

In the Province of Zeeland, where problems are the greatest, 20 percent of the Dutch sugarbeets are grown. Of this, 41,000 acres of the beets are still in the ground and cannot be harvested until the fields are dry enough to accept heavy equipment. Of the 20 percent of the Dutch onion area found in Zeeland, 8,000 acres have not yet been harvested, and the onions are reportedly rotting in the ground.

Also in Zeeland, 23,000 acres of potatoes, 1,400 acres of gladiolus, and 1,850 acres of brown beans remain unharvested. Because of the relative higher value of gladiolus and potatoes, these two crops have priority over the others. A farmer's input in one acre of gladiolus amounts to US$270. Many farmers in Zeeland still have 37 or more acres of gladiolus in the ground. Some farmers have opened their potato fields to people who want to harvest their own winter stock of potatoes at lower cost.

The Agricultural Board in the Netherlands, which organizes help for the stricken areas, has announced that as soon as the situation permits mechanical harvesting, it will send an extra 200 harvesting machines, 400 tipping-wagons, 600 tractors, and additional personnel. With this extra help, the Board has indicated that the harvesting can be done in 10 days. According to the Ministry of Agriculture, the equipment will be transported from other parts of the country on army trucks.

Meanwhile, desperate farmers are trying to harvest as much as possible by hand. Extra harvesting leave has been granted to 1,300 farmers' sons who serve in the army. An extra 1,000 military volunteers, numerous school children, students from agricultural schools, and private citizens have volunteered to hand-harvest the root crops. Farmers' organizations have asked for an extra 5,000 military helpers.

Netherlands Fertilizer Industry To Expand Exports

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and other suppliers have followed with substantial price rises.

Inadequate supplies of basic slag will not affect the Dutch industry since these imports are directly used as fertilizer. Basic slag prices for the 1974-75 season from Belgium and Luxembourg increased by 27 percent and from West Germany by 35 percent.

The Dutch produce only a small quantity of potassium fertilizer—4,110 tons in 1972-73, which was less than 1 percent of the country's total fertilizer output. Domestic production is limited mainly to potassium sulphate, produced mostly from molasses. The molasses is obtained largely from the Dutch sugarbeet industry, although small quantities are imported.

According to Dutch officials, large potassium chloride deposits have been discovered in the nothern part of the Netherlands. Since these deposits are reportedly at great depth, no plans have yet been made to exploit them. Should world market prices rise, however, the Dutch might decide to open the fields, which are said to be sufficient to meet Dutch needs for many decades.

Dutch farmers already use about the maximum feasible volume of nitrogen fertilizer on their crops, so that a marginal increase or decrease in use would not affect yields much. Because only about 6 percent of Dutch farmland is irrigated, changes in the volume of nitrogen applied depend on the weather.

In 1973-74, Dutch consumption of fertilizers was estimated at 625,000 tons. This was applied principally to grasslands, followed by wheat, potato, and sugarbeet crops.

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